鳳凰衛視

PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED
鳳凰衛視控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 02008)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

CHAIRMAN'S STATEMENT

FINANCIAL SUMMARY

- Revenue for the six-month period was approximately HK$1,112,788,000, which represented a 60.7% increase over the same period last year.

- The profit attributable to equity holders of the Company increased to approximately HK$190,712,000, which was a 72.9% improvement over the profit achieved in the same period last year.

FINANCIAL REVIEW

The Group's revenue for the six months ended 30 June 2010 was approximately HK$1,112,788,000, which represented an increase of 60.7% when compared to the same period last year. The drivers behind this result were the growth in broadcasting, outdoor advertising and new media revenues. Total operating costs increased by 46.8% to approximately HK$847,278,000. The upward movement in operating costs was mainly due to the expansion of new media and outdoor media businesses.

The Group's operating profit for the six months ended 30 June 2010 was approximately HK$265,510,000, which represented an increase of 130.7% over same period last year. Profit attributable to equity holders of the Company was approximately HK$190,712,000, which was an increase of 72.9 % compared with the same period last year. The operating profit was mainly generated by the increase in broadcasting, outdoor advertising and new media revenues. The other expenses for the six months ended 30 June 2010 mainly comprised interest related to and increase in fair value of preference share liability of approximately HK$36,676,000. Please refer to note 18 of the notes to the condensed consolidated interim financial information for details of the preference share liability. During the six months ended 30 June 2009, other income mainly comprised a fair value gain of approximately HK$32,997,000 which was recognized for the investment property under construction in Beijing.

The chart presented below compares the Group's performance for the six months ended 30 June 2010 and the same period last year respectively:

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Phoenix Chinese Channel	**533,255**	467,434
Phoenix InfoNews Channel	**147,616**	99,880
Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel & others	**66,408**	51,571
New media	**245,047**	29,418
Outdoor media	**90,936**	19,241
Other businesses	**29,526**	24,802
Group's total revenue	**1,112,788**	692,346
Operating costs	**(847,278)**	(577,239)
Profit from operations	**265,510**	115,107
Other (expenses)/income – net	**(31,879)**	35,854
Profit before share of results of jointly controlled entities, an associate, income tax and minority interests	**233,631**	150,961
Share of losses of jointly controlled entities and an associate	**(700)**	(2,418)
Income tax expense	**(41,146)**	(35,059)
Minority interests	**(1,073)**	(3,185)
Profit attributable to equity holders of the Company	**190,712**	110,299
Basic earnings per share, Hong Kong cents	**3.83**	2.23

BUSINESS OVERVIEW AND PROSPECTS

The Group's performance during the first half of 2010 has been extremely positive, with a 60.7% increase in revenue over the same period last year. The fact that this outcome follows a good performance in 2009, when revenue grew by 9.9%, underscores that the Group's business model is relevant to the current international economic environment.

This period's positive results came from both a major increase in revenue for the core television business, but also very significant revenue being generated by the new areas into which the Group has been moving in recent years, namely the new media and the outdoor advertising LED businesses. The strong performance by the two main channels, the Phoenix Chinese Channel and the Phoenix InfoNews Channel ("InfoNews"), presumably reflects the fact that the Chinese economy has weathered the Global Financial Crisis without major damage, and that advertising companies are now actively seeking to build their brand names and images after the period of caution caused by negative global trends. Commentary by marketing analysts has identified a general growth in advertising expenditure as the international economy recovers from the financial challenges of the last two years, which means that the Phoenix performance over this period might reflect a broader trend. While the Group's excellent results might be the consequence of the recovery of the international economy, the fact that this half year's results follow a positive performance last year represents encouraging evidence that the Phoenix model should continue to function well as the current economic environment continues to evolve.

The most outstanding performance was that of InfoNews, which has seen its revenue increase by some 47.8% over the same period last year. This result would seem to reflect a widespread perception that InfoNews is becoming a well established source of news and information for the growing mainland elite and that it is thus an effective platform for developing brand name recognition. During this period InfoNews covered a series of major stories, including the disastrous Haiti earthquake, the violent anti-government demonstrations in Bangkok, the sinking of the South Korean submarine Cheonan, the tensions in China/US relations over the Dalai Lama, arms sales to Taiwan and Google, the severe floods that hit many parts of southern and western China, and the at times extremely controversial negotiation of the Economic Cooperation Framework Agreement between Taiwan and the mainland.

The Group's new media operations is profitable and also generated much greater revenue than in previous years. In part this was a consequence of the Group gaining access to the income of two mainland companies which carry out much of the new media operations, but it is also an outcome that would seem to reflect the growing popularity and availability of the internet in mainland China. The Phoenix new media carries much Phoenix programming, and thus expands the availability of Phoenix programming to an audience that previously did not have access to the normal distribution systems in China and internationally.

The Group's outdoor LED advertising project is also profitable and generated a considerable increase in revenue, with the income from this activity growing more than four times compared to the same period last year.

The major growth of revenue from the new media and the outdoor advertising businesses underscores that the Group's strategy to expand beyond the core television business into other areas is well based. The substantial growth in the income of the television business confirms the value of television as the core component of the Group's activities, but the marked improvement in both the new media and the outdoor advertising revenues underscores that the Group is successfully expanding its commercial base and consequently developing a broad foundation that should help ensure long-term commercial stability.

MANAGEMENT DISCUSSION AND ANALYSIS

COMMENTS ON SEGMENTAL INFORMATION

	Six months ended 30 June 2010					
	External sales	**Inter-segment sales**	**Inter-segment elimination**	**Total revenue**	**Profit/(loss) from operations**	**Segment results**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Phoenix Chinese Channel	533,255	–	–	533,255	296,037	296,598
Phoenix InfoNews Channel	147,616	–	–	147,616	26,028	26,017
Other channels	66,408	2,532	(2,532)	66,408	11,981	14,067
Programme production and ancillary services	1,650	18,368	(18,368)	1,650	(87)	(27)
New media	245,047	3,656	(3,656)	245,047	39,251	2,400
Outdoor media	90,936	–	–	90,936	6,855	6,895
Real estate	–	–	–	–	(4,294)	(2,577)
Other businesses	27,876	–	–	27,876	2,630	2,645
Group's total revenue and segment results				1,112,788		346,018
Unallocated income						506
Unallocated expenses						(112,893)
Profit before share of results of jointly controlled entities, an associate, income tax and minority interests						233,631

Revenues from television broadcasting, comprising both advertising and subscription revenues, which accounted for 67.1% of the Group's total revenue for the six months ended 30 June 2010, increased by 20.7% to approximately HK$747,279,000 (six months ended 30 June 2009: HK$618,885,000). The segmental result for television broadcasting recorded a profit of approximately HK$336,682,000 for the six months ended 30 June 2010 (six months ended 30 June 2009: HK$217,670,000).

The Group's flagship channel, Phoenix Chinese Channel, accounted for 47.9% of the Group's total revenue for the six months ended 30 June 2010 and showed an increase of 14.1% to approximately HK$533,255,000 (six months ended 30 June 2009: HK$467,434,000). Phoenix InfoNews Channel's revenue accounted for 13.3% of the Group's total revenue for the period, and increased by 47.8% to approximately HK$147,616,000 (six months ended 30 June 2009: HK$99,880,000).

The total revenue of Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel and others, increased by 28.8% as compared to the same period last year to approximately HK$66,408,000 (six months ended 30 June 2009: HK$51,571,000).

The new media operations, which make Phoenix programming available on the internet and on a number of mobile telecommunications networks, contribute to raising the Group's profile as a television broadcaster. The revenue of new media business increased to HK$245,047,000 (six months ended 30 June 2009: HK$29,418,000). The profit from operations, which represents profit before tax, interest expense and changes in fair value of preference share liability, of new media increased to HK$39,251,000 (six months ended 30 June 2009: HK$4,760,000). The significant increase in new media operations was due to the expansion of business which included acquiring the economic benefits of two mainland companies at the end of year 2009.

Following the maturity of the outdoor media business, the revenue and segment profit increased to approximately HK$90,936,000 and HK$6,895,000 respectively (six months ended 30 June 2009: Revenue HK$19,241,000 and segment loss HK$22,723,000).

Please refer to note 3 of the notes to the condensed consolidated interim financial information for a detailed analysis of segmental information and the "Business Overview and Prospects" in this announcement for commentary on our core business.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group had no material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 June 2010.

LIQUIDITY AND FINANCIAL RESOURCES

The liquidity and financial resources of the Group as at 30 June 2010 remained solid. The aggregate outstanding borrowings of the Group as at 30 June 2010 were approximately HK$411,967,000 (as at 31 December 2009: HK$254,227,000), representing current accounts with related companies which were unsecured and non-interest bearing, secured and interest bearing bank borrowings to fund the construction work on the Phoenix International Media Centre in Beijing and preference share liability.

The gearing ratio of the Group, based on total liabilities to equity attributable to equity holders of the Company, was 62.8% as at 30 June 2010 (as at 31 December 2009: 35.9%). The net debt to equity ratio, based on total liabilities less cash and cash equivalents to equity attributable to equity holders of the Company, was 12.4% as at 30 June 2010 (as at 31 December 2009: 0.5%). The increase in gearing ratio was a consequence to the increase in receipt in advance and secured and interest bearing bank borrowings to fund the construction work on the Phoenix International Media Centre in Beijing.

Saved as disclosed above, the financial position of the Group has remained liquid. As most of the Group's monetary assets are denominated in Hong Kong dollars, US dollars and Renminbi, with minimal balances in UK pounds and New Taiwan dollars, the exchange rate risks of the Group are considered to be minimal.

CHARGE ON ASSETS

As at 30 June 2010, deposits of approximately HK$8,856,000 (as at 31 December 2009: HK$3,269,000) were pledged with banks to secure guarantees given to the landlord of a subsidiary and the main contractor of Phoenix International Media Centre. The land in Chaoyang Park together with the development site, with carrying values of approximately HK$113,656,000, HK$50,344,000 and HK$285,143,000 (as at 31 December 2009: HK$93,000,000, HK$26,000,000 and HK$218,000,000) recorded in lease premium for land, construction in progress and investment property under construction respectively were pledged with a bank to secure a bank borrowings to fund the construction work on the Phoenix International Media Centre in Beijing.

Other than the above, the Group did not have any other charge on its assets as at 30 June 2010 and 31 December 2009.

CAPITAL STRUCTURE

During the six months ended 30 June 2010, other than the exercise of share options granted, there was no change in the Company's share capital. As at 30 June 2010, the Group's operations were mainly financed by equity holders' equity and bank borrowings and banking facilities.

STAFF

As at 30 June 2010, the Group employed 1,680 full-time staff (31 December 2009: 1,498), at market remuneration with employee benefits such as comprehensive medical coverage, insurance plan, defined contribution pension schemes and employee share option schemes. Staff costs for the six months ended 30 June 2010 increased to approximately HK$253,304,000 (six months ended 30 June 2009: HK$187,981,000).

The Group did not experience any significant labour disputes or substantial change in the number of its employees that led to any disruption of normal business operations. The Directors consider the Group's relationship with its employees to be good.

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2010, the Group invested in listed and unlisted security investments with an estimated fair market value of approximately HK$48,221,000 (as at 31 December 2009: HK$53,824,000). Save as disclosed above, the Group has not held any other significant investment for the six months ended 30 June 2010.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCE OF FUNDING

The Group will continue to consolidate its existing businesses while exploring new business opportunities that will complement and enhance its existing businesses.

As at 30 June 2010, the Group was considering various investment projects and options but had not made any solid plan for pursuing the same.

CONTINGENT LIABILITIES

Banking facilities amounting to approximately HK$419,642,000 (as at 31 December 2009: HK$536,779,000) represent utilities deposits and bank borrowings to fund the construction work on the Phoenix International Media Centre in Beijing. Deposits of approximately HK$8,856,000 (as at 31 December 2009: HK$3,269,000) were pledged with banks to secure banking guarantees given to landlord of a subsidiary and the main contractor of Phoenix International Media Centre. The land in Chaoyang Park together with the development site, with carrying values of approximately HK$113,656,000, HK$50,344,000 and HK$285,143,000 (as at 31 December 2009: HK$93,000,000, HK$26,000,000 and HK$218,000,000) recorded in lease premium for land, construction in progress and investment property under construction respectively were pledged with a bank to secure a bank borrowing to fund the construction work on the Phoenix International Media Centre in Beijing.

Save as disclosed above, the Group had no material contingent liabilities as at 30 June 2010 and 31 December 2009.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its shares during the six months ended 30 June 2010. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the six months period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 June 2010, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which such Directors or chief executive were taken or deemed to have under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to be notified to the Company and the Stock Exchange, were as follows:

(1) Shares

	Number of ordinary shares held				
Name of Director	**Personal/other interests**	**Corporate interests**	**Total number of shares**	**Position**	**Approximate shareholding percentage**
LIU Changle *(Note 1)*	–	1,854,000,000	1,854,000,000	Long	37.19%
LO Ka Shui *(Note 2)*	4,630,000	–	4,630,000	Long	0.09%

Notes:

1. As at 30 June 2010, Mr. LIU Changle was the beneficial owner of 93.3% of the issued share capital of Today's Asia Limited, which in turn had an interest in approximately 37.19% of the issued share capital of the Company.

2. As at 30 June 2010, Dr. LO Ka Shui was the beneficial owner of 500,000 shares while 4,130,000 shares were held by a discretionary trust of which Dr. LO Ka Shui was the founder.

(2) Share options

Name of Director	Date of grant	Exercise period	Exercise price per share *HK$*	Underlying shares pursuant to the share options as at 30 June 2010
LIU Changle	14 June 2000	14 June 2001 to 13 June 2010	1.08	– *(Note 1)*
CHUI Keung	14 June 2000	14 June 2001 to 13 June 2010	1.08	– *(Note 2)*
WANG Ji Yan	14 June 2000	14 June 2001 to 13 June 2010	1.08	– *(Note 3)*

Notes:

1. Mr. LIU Changle exercised all his outstanding options prior to the expiry date of the exercise period on 13 June 2010.

2. Mr. CHUI Keung exercised all his outstanding options prior to the expiry date of the exercise period on 13 June 2010.

3. Mr. WANG Ji Yan exercised all his outstanding options prior to the expiry date of the exercise period on 13 June 2010.

Save as disclosed above, so far as the Directors were aware, as at 30 June 2010, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or chief executive were taken or deemed to have under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to the Model Code of the Listing Rules to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEMES

(A) Share option schemes of the Company

On 7 June 2000, two share option schemes of the Company were approved by the shareholders of the Company ("Shareholders"), namely Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme.

On 19 June 2009, a share option scheme of the Company was approved by the Shareholders ("New Share Option Scheme").

(1) Pre-IPO Share Option Scheme

The details of share options granted by the Company under the Pre-IPO Share Option Scheme to the Directors of the Company and the employees of the Group to acquire shares were as follows:

Type and number of remaining grantees	Date of grant	Vesting period	Exercise period	Exercise price per share *HK$*	Number of share options Balance as at 1 January 2010	Lapsed during the period	Exercised during the period	Balance as at 30 June 2010
3 Executive Directors:								
LIU Changle	14 June 2000	14 June 2000 to 13 June 2004	14 June 2001 to 13 June 2010	1.08	5,320,000	–	(5,320,000)	–
CHUI Keung	14 June 2000	14 June 2000 to 13 June 2004	14 June 2001 to 13 June 2010	1.08	2,508,000	–	(2,508,000)	–
WANG Ji Yan	14 June 2000	14 June 2000 to 13 June 2004	14 June 2001 to 13 June 2010	1.08	3,990,000	–	(3,990,000)	–
27 other employees	14 June 2000	14 June 2000 to 13 June 2004	14 June 2001 to 13 June 2010	1.08	3,928,000	(690,000)	(3,238,000)	–
Total:								
30 employees					15,746,000	(690,000)	(15,056,000)	–

Save as disclosed above, no other options had been granted, lapsed, exercised or cancelled during the period.

During the six months ended 30 June 2010, no options had been granted to the Directors, chief executive or substantial shareholders, or their respective associates, or to the suppliers of goods or services under the Pre-IPO Share Option Scheme. No participant was granted any option in excess of the individual limit as set out under the Pre-IPO Share Option Scheme.

(2) Post-IPO Share Option Scheme

The details of share options granted by the Company under the Post-IPO Share Option Scheme to the employees of the Group to acquire shares were as follows:

Type and number of remaining grantees	Date of grant	Vesting period	Exercise period	Exercise price per share *HK$*	Number of share options: Balance as at 1 January 2010	Lapsed during the period	Exercised during the period	Balance as at 30 June 2010
1 employee	15 February 2001	15 February 2001 to 14 February 2005	15 February 2002 to 14 February 2011	1.99	500,000	–	–	500,000
10 employees	10 August 2001	10 August 2001 to 9 August 2005	10 August 2002 to 9 August 2011	1.13	4,200,000	–	–	4,200,000
1 employee	20 December 2002	20 December 2002 to 19 December 2006	20 December 2003 to 19 December 2012	0.79	600,000	–	–	600,000
30 employees	26 March 2007	26 March 2007 to 25 March 2011	26 March 2008 to 25 March 2017	1.45	10,268,000	–	(66,000)	10,202,000
Total: 42 employees					15,568,000	–	(66,000)	15,502,000

Save as disclosed above, no options had been granted, lapsed, exercised or cancelled during the period.

During the six months ended 30 June 2010, no options had been granted to the Directors, chief executive or substantial shareholders, or their respective associates, or to the suppliers of goods or services under the Post-IPO Share Option Scheme. No participant was granted any option in excess of the individual limit as set out under the Post-IPO Share Option Scheme.

(3) New Share Option Scheme

The details of share options granted by the Company under the New Share Option Scheme to the employees of the Group to acquire shares were as follows:

Type and number of remaining grantees	Date of grant	Vesting period	Exercise period	Exercise price per share *HK$*	Number of share options: Balance as at 1 January 2010	Lapsed during the period	Exercised during the period	Balance as at 30 June 2010
3 employees	22 July 2009	22 July 2009 to 21 July 2013	22 July 2010 to 21 July 2019	1.17	5,254,000	–	–	5,254,000
					5,254,000	–	–	5,254,000

Save as disclosed above, no options had been granted, lapsed, exercised or cancelled under the New Share Option Scheme.

During the six months ended 30 June 2010, no options had been granted to the Directors, chief executive or substantial shareholders, or their respective associates, or to the suppliers of goods or services under the New Share Option Scheme. No participant was granted any option in excess of the individual limit as set out under the New Share Option Scheme.

(B) Share option schemes of the subsidiaries of the Company

(i) PHOENIXi Plan

On 7 June 2000, PHOENIXi Investment Limited ("PHOENIXi"), a member of the Group, adopted the PHOENIXi 2000 Stock Incentive Plan (the "PHOENIXi Plan").

As at 30 June 2010, no options had been granted under the PHOENIXi Plan. PHOENIXi is currently undergoing a liquidation process.

(ii) PNM Share Option Scheme

On 20 June 2008, the Shareholders approved the share option scheme of Phoenix New Media Limited ("PNM Share Option Scheme"), an indirectly-owned subsidiary of the Company.

During the six months ended 30 June 2010, 4,557,900 options had been granted under the PNM Share Option Scheme. The movement of the PNM Share Option Scheme during the period is as follows:

				Number of share options				
Grantees	Date of grant	Exercise period	Exercise price per share *US$*	Balance as at 1 January 2010	Granted during the period	Lapsed during the period	Exercised during the period	Balance as at 30 June 2010
LIU Shuang *(Note)*	2008.07.04	2008.07.04 – 2018.05.25	0.03215	12,000,000	–	–	–	12,000,000
	2010.01.08	2010.09.15 – 2018.05.25	0.03215	–	3,168,000	–	–	3,168,000
LI Ya *(Note)*	2008.07.04	2008.07.04 – 2018.05.25	0.03215	8,800,000	–	–	–	8,800,000
	2009.09.15	2010.09.15 – 2018.05.25	0.03215	3,080,000	–	–	–	3,080,000
LIU Kexin *(Note)*	2008.07.04	2008.07.04 – 2018.05.25	0.03215	6,000,000	–	–	–	6,000,000
	2010.01.08	2010.09.15 – 2018.05.25	0.03215	–	1,200,000	–	–	1,200,000
Other staff of Fenghuang On-line (Beijing) Information Technology Company Limited ("Fenghuang On-line")	2008.07.04	2008.07.04 – 2018.05.25	0.03215	20,864,100	–	(606,975)	–	20,257,125
		2008.07.09 – 2018.05.25		6,000	–	–	–	6,000
		2008.07.24 – 2018.05.25		30,000	–	–	–	30,000
		2008.07.31 – 2018.05.25		1,200	–	–	–	1,200
		2008.08.02 – 2018.05.25		13,000	–	–	–	13,000
		2008.08.13 – 2018.05.25		6,000	–	–	–	6,000

Grantees	Date of grant	Exercise period	Exercise price per share *US$*	Number of share options: Balance as at 1 January 2010	Granted during the period	Lapsed during the period	Exercised during the period	Balance as at 30 June 2010
Other staff of Fenghuang On-line	2008.07.04	2008.08.20 – 2018.05.25	0.03215	18,000	–	–	–	18,000
		2008.08.28 – 2018.05.25		6,000	–	(2,625)	–	3,375
		2008.09.03 – 2018.05.25		29,400	–	–	–	29,400
		2008.09.04 – 2018.05.25		32,000	–	–	–	32,000
		2008.09.06 – 2018.05.25		3,600	–	–	–	3,600
		2008.09.10 – 2018.05.25		2,400,000	–	–	–	2,400,000
		2008.09.13 – 2018.05.25		6,000	–	(2,625)	–	3,375
		2008.09.17 – 2018.05.25		54,000	–	–	–	54,000
		2008.09.20 – 2018.05.25		4,000	–	(4,000)	–	–
		2008.09.24 – 2018.05.25		24,000	–	–	–	24,000
		2008.09.27 – 2018.05.25		6,000	–	–	–	6,000
		2008.10.08 – 2018.05.25		20,000	–	–	–	20,000
		2008.10.10 – 2018.05.25		6,000	–	–	–	6,000
		2008.10.22 – 2018.05.25		24,000	–	–	–	24,000
		2008.10.23 – 2018.05.25		18,000	–	(5,250)	–	12,750
		2008.10.24 – 2018.05.25		24,000	–	–	–	24,000

Grantees	Date of grant	Exercise period	Exercise price per share *US$*	Number of share options: Balance as at 1 January 2010	Granted during the period	Lapsed during the period	Exercised during the period	Balance as at 30 June 2010
Other staff of Fenghuang On-line	2008.07.04	2008.10.29 – 2018.05.25	0.03215	6,000	–	–	–	6,000
		2008.10.31 – 2018.05.25		6,000	–	(6,000)	–	–
		2008.11.19 – 2018.05.25		32,000	–	–	–	32,000
		2008.12.03 – 2018.05.25		62,000	–	–	–	62,000
		2008.12.10 – 2018.05.25		12,000	–	(12,000)	–	–
		2008.12.12 – 2018.05.25		6,000	–	–	–	6,000
		2008.12.17 – 2018.05.25		44,000	–	(32,000)	–	12,000
		2008.12.24 – 2018.05.25		6,000	–	–	–	6,000
		2008.12.26 – 2018.05.25		25,000	–	–	–	25,000
		2008.12.29 – 2018.05.25		150,000	–	–	–	150,000
		2009.01.02 – 2018.05.25		100,000	–	–	–	100,000
		2009.01.15 – 2018.05.25		620,000	–	–	–	620,000
		2009.01.28 – 2018.05.25		12,000	–	(12,000)	–	–
		2009.02.14 – 2018.05.25		550,000	–	(343,750)	–	206,250
		2009.02.15 – 2018.05.25		24,000	–	–	–	24,000
		2009.02.25 – 2018.05.25		9,000	–	–	–	9,000

Grantees	Date of grant	Exercise period	Exercise price per share *US$*	Number of share options: Balance as at 1 January 2010	Granted during the period	Lapsed during the period	Exercised during the period	Balance as at 30 June 2010
Other staff of Fenghuang On-line	2008.07.04	2009.02.26 – 2018.05.25	0.03215	12,000	–	–	–	12,000
		2009.02.27 – 2018.05.25		3,000	–	–	–	3,000
		2009.02.28 – 2018.05.25		9,000	–	(6,000)	–	3,000
		2009.03.03 – 2018.05.25		6,000	–	–	–	6,000
		2009.03.10 – 2018.05.25		53,900	–	(3,000)	–	50,900
		2009.03.12 – 2018.05.25		14,000	–	(14,000)	–	–
		2009.03.17 – 2018.05.25		15,600	–	–	–	15,600
		2009.03.19 – 2018.05.25		32,000	–	–	–	32,000
		2009.03.21 – 2018.05.25		15,000	–	–	–	15,000
		2009.03.24 – 2018.05.25		23,000	–	–	–	23,000
		2009.03.25 – 2018.05.25		20,000	–	–	–	20,000
		2009.03.31 – 2018.05.25		3,000	–	–	–	3,000
		2009.04.01 – 2018.05.25		7,200	–	(750)	–	6,450
		2009.04.02 – 2018.05.25		6,000	–	–	–	6,000
		2009.04.07 – 2018.05.25		18,000	–	(6,000)	–	12,000
		2009.04.09 – 2018.05.25		3,000	–	–	–	3,000

Grantees	Date of grant	Exercise period	Exercise price per share	Number of share options				
				Balance as at 1 January 2010	Granted during the period	Lapsed during the period	Exercised during the period	Balance as at 30 June 2010
			US$					
Other staff of Fenghuang On-line	2008.07.04	2009.04.14 – 2018.05.25	0.03215	2,400	–	(1,200)	–	1,200
		2009.04.15 – 2018.05.25		4,000	–	–	–	4,000
		2009.04.21 – 2018.05.25		1,200	–	–	–	1,200
		2009.04.23 – 2018.05.25		6,000	–	–	–	6,000
		2009.04.28 – 2018.05.25		9,600	–	–	–	9,600
		2009.05.04 – 2018.05.25		11,000	–	–	–	11,000
		2009.05.06 – 2018.05.25		3,000	–	(3,000)	–	–
		2009.05.12 – 2018.05.25		3,000	–	–	–	3,000
		2009.05.19 – 2018.05.25		33,000	–	(7,687)	–	25,313
		2009.05.22 – 2018.05.25		3,000	–	(3,000)	–	–
		2009.05.23 – 2018.05.25		3,000	–	–	–	3,000
		2009.05.26 – 2018.05.25		439,200	–	(4,050)	–	435,150
	2008.11.05	2009.11.05 – 2018.05.25	0.03215	560,000	–	(560,000)	–	–
	2008.11.18	2009.11.18 – 2018.05.25	0.03215	240,000	–	(240,000)	–	–
	2008.11.26	2009.11.26 – 2018.05.25	0.03215	400,000	–	–	–	400,000
	2009.07.31	2009.07.31 – 2018.05.25	0.03215	448,000	–	–	–	448,000

Grantees	Date of grant	Exercise period	Exercise price per share *US$*	Number of share options: Balance as at 1 January 2010	Granted during the period	Lapsed during the period	Exercised during the period	Balance as at 30 June 2010
Other staff of Fenghuang On-line	2009.07.31	2010.01.04 – 2018.05.25	0.03215	2,500,000	–	–	–	2,500,000
		2010.01.12 – 2018.05.25		259,200	–	–	–	259,200
		2010.02.09 – 2018.05.25		1,600,000	–	–	–	1,600,000
		2010.02.11 – 2018.05.25		32,000	–	–	–	32,000
		2010.02.13 – 2018.05.25		32,000	–	–	–	32,000
		2010.02.16 – 2018.05.25		400,000	–	(300,000)	–	100,000
		2010.03.06 – 2018.05.25		259,200	–	–	–	259,200
		2010.03.11 – 2018.05.25		32,000	–	–	–	32,000
		2010.03.16 – 2018.05.25		3,116,000	–	–	–	3,116,000
		2010.03.17 – 2018.05.25		32,000	–	–	–	32,000
		2010.04.01 – 2018.05.25		94,500	–	–	–	94,500
		2010.04.07 – 2018.05.25		14,000	–	–	–	14,000
		2010.04.12 – 2018.05.25		8,400	–	(8,400)	–	–
		2010.04.27 – 2018.05.25		14,000	–	–	–	14,000
		2010.05.08 – 2018.05.25		70,000	–	–	–	70,000
		2010.05.18 – 2018.05.25		402,500	–	–	–	402,500

Grantees	Date of grant	Exercise period	Exercise price per share US$	Number of share options: Balance as at 1 January 2010	Granted during the period	Lapsed during the period	Exercised during the period	Balance as at 30 June 2010
Other staff of Fenghuang On-line	2009.07.31	2010.05.25 – 2018.05.25	0.03215	35,000	–	–	–	35,000
		2010.06.22 – 2018.05.25		168,000	–	–	–	168,000
		2010.07.01 – 2018.05.25		24,000	–	–	–	24,000
		2010.07.10 – 2018.05.25		165,600	–	–	–	165,600
		2010.07.15 – 2018.05.25		402,500	–	–	–	402,500
		2010.07.25 – 2018.05.25		24,000	–	–	–	24,000
		2010.07.29 – 2018.05.25		24,000	–	–	–	24,000
	2009.09.15	2010.09.15 – 2018.05.25	0.03215	6,089,900	–	(582,000)	–	5,507,900
	2010.01.08	2011.01.08 – 2018.05.25	0.03215	–	189,900	–	–	189,900
				73,345,200	4,557,900	(2,766,312)	–	75,136,788

Note: The options granted in excess of the individual limit were approved by the Shareholders on 20 June 2008.

Save as disclosed above, no options had been granted, lapsed, exercised or cancelled during the period.

Save as disclosed above, no options had been granted to the Directors, chief executive or substantial shareholders, or their respective associates of the Company, or to the suppliers of goods or services under the PNM Share Option Scheme during the period. No participant was granted any option in excess of the individual limit as set out in the Listing Rules or under the PNM Share Option Scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Under the terms of the Company's share option schemes approved by the Shareholders on 7 June 2000 and 19 June 2009, the committees of Directors may, at their discretion, invite any employee of the Company or any of the Group companies, including any executive directors, to take up options to subscribe for shares. The maximum number of shares in respect of which options may be granted under the share option schemes must not exceed 10% of the issued share capital of the Company. However, the share option schemes approved by the Shareholders on 7 June 2000 have no remaining life and no further options can be granted under the schemes.

Save as disclosed herein, and other than those in connection with the Group reorganisation scheme prior to the Company's listing of shares, at no time during the period was the Company or any of the companies comprising the Group a party to any arrangement to enable the Company's Directors or their associates to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company, or any of its subsidiaries, fellow subsidiaries or its parent company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted as the end of the period or at any time during the period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2010, so far as is known to the Directors and the chief executive of the Company, the interest of the Shareholders (not being Directors and the chief executive of the Company) in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and were required to be entered in the register maintained by the Company pursuant to section 336 of the SFO or entered in the register kept by the Company pursuant to 352 of the SFO, were as follows:

(i) Long positions of substantial shareholders in the ordinary shares of the Company

Name of substantial shareholders	**Number of shares**	**Approximate shareholding percentage**
Today's Asia Limited *(Note 1)*	1,854,000,000	37.19%
Extra Step Investments Limited *(Note 2)*	983,000,000	19.72%
Xing Kong Chuan Mei Group Co., Ltd. *(Note 3)*	871,000,000	17.47%

Notes:

1. Today's Asia Limited is beneficially owned by Mr. LIU Changle and Mr. CHAN Wing Kee of 93.3% and 6.7% interests, respectively.

2. Extra Step Investments Limited is a wholly-owned subsidiary of China Mobile (Hong Kong) Group Limited which in turn is a subsidiary of China Mobile Communications Corporation. By virtue of the SFO, China Mobile (Hong Kong) Group Limited and China Mobile Communications Corporation are deemed to be interested in the 983,000,000 shares held by Extra Step Investments Limited. Mr. GAO Nianshu and Mr. LI Yue, both non-executive Directors of the Company, are respectively general manager of data services department of China Mobile Communications Corporation and executive Director and vice president of China Mobile Limited.

3. Xing Kong Chuan Mei Group Co., Ltd. is a subsidiary of Star Group Limited. News Cayman Holdings Limited holds 100% of the ordinary voting shares of Star Group Limited. News Publishers Investments Pty. Limited holds 100% of the ordinary voting shares of News Cayman Holdings Limited. News Publishers Investments Pty. Limited is a wholly-owned subsidiary of STAR LLC Australia Pty Limited, which in turn is a wholly-owned subsidiary of New STAR US Holdings Subsidiary, LLC. New STAR US Holdings Subsidiary, LLC is a wholly-owned subsidiary of STAR US Holdings Subsidiary, LLC, which in turn is a direct wholly-owned subsidiary of STAR US Holdings, Inc.. STAR US Holdings, Inc. is an indirect wholly-owned subsidiary of News Publishing Australia Limited, which is an indirect wholly-owned subsidiary of News Corporation.

   By virtue of the SFO, News Corporation, News Publishing Australia Limited, STAR US Holdings, Inc., STAR US Holdings Subsidiary, LLC, New STAR US Holdings Subsidiary, LLC, STAR LLC Australia Pty Limited, News Publishers Investments Pty. Limited, News Cayman Holdings Limited and Star Group Limited are all deemed to be interested in the 871,000,000 shares held by Xing Kong Chuan Mei Group Co., Ltd..

(ii) Long position of other person in the ordinary shares of the Company

Name of other person who has more than 5% interest	Number of shares	Approximate shareholding percentage
China Wise International Limited *(Note)*	412,000,000	8.26%

Note: China Wise International Limited is a wholly-owned subsidiary of Cultural Developments Limited, which in turn is a wholly-owned subsidiary of Bank of China Group Investment Limited. Bank of China Group Investment Limited is a wholly-owned subsidiary of Bank of China Limited, which in turn is a subsidiary of Central SAFE Investments Limited. By virtue of the SFO, Central SAFE Investments Limited, Bank of China Limited, Bank of China Group Investment Limited and Cultural Developments Limited are all deemed to be interested in the 412,000,000 shares held by China Wise International Limited.

Mr. GONG Jianzhong, non-executive Director of the Company, is a director and chief executive officer of Bank of China Group Investment Limited and a director of a number of companies controlled by Bank of China Group Investment Limited or in which Bank of China Group Investment Limited has an interest.

Save as disclosed above, there was no person (other than the Directors or the chief executive of the Company) known to the Directors or the chief executive of the Company, who, as at 30 June 2010, had an interest or a short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and were required to be entered in the register kept by the Company pursuant to section 336 of the SFO.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association and there was no restriction against such rights under the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

COMPETING BUSINESS

Today's Asia Limited has interests in approximately 37.19% of the issued share capital of the Company. Today's Asia Limited, together with its shareholder, Mr. LIU Changle, are deemed to be the substantial shareholders of the Company as defined under the Listing Rules.

Mr. LIU Changle and Mr. CHAN Wing Kee beneficially own 93.3% and 6.7% respectively of Today's Asia Limited, which holds 100% in Vital Media Holdings Limited. Vital Media Holdings Limited holds 100% of the voting shares of Dragon Viceroy Limited which in turn holds approximately 26.85% of Asia Television Limited ("ATV"), a Hong Kong based terrestrial television company. Primarily aiming at audiences in Hong Kong, ATV broadcasts its programmes via terrestrial transmission through two channels, one in Cantonese and the other in English. Signals of such two channels can also be received in certain parts of Guangdong Province of the People's Republic of China (the "PRC"). In August 2002, ATV received the approval from the authorities in the PRC to broadcast its Home and World channels through the cable system in the Pearl River Delta of Guangdong. ATV was also granted a non-domestic television programme service license in May 2004, in addition to its existing domestic free television programme service license. In addition to the two channels mentioned in the foregoing, ATV also broadcasts four digital channels including one CCTV4 channel.

Star Group Limited and its subsidiaries ("STAR") engage in the development, production and broadcasting of television programming to 53 countries throughout Asia. STAR's programming is distributed primarily via satellite to local cable and direct-to-home operators for distribution to their subscribers. STAR currently offers the following Chinese-language channels including Channel [V] Mainland China, Channel [V] Taiwan, Star Chinese Movies, Star Chinese Channel and Xing Kong. Mr. CHEUNG Chun On, Daniel, non-executive Director of the Company, Dr. GAO Jack Qunyao, alternate Director to Mr. CHEUNG Chun On, Daniel, Mr. Jan KOEPPEN, non-executive Director of the Company, and Ms. Ella Betsy WONG, alternate Director to Mr. Jan KOEPPEN, are employees of News Corporation and its affiliates. Other than the Chinese-language channels offered by STAR above, News Corporation and its subsidiaries do not offer any other similar Chinese-language channels.

Save as disclosed above, as at 30 June 2010, none of the Directors or their respective associates (as defined under the Listing Rules) had any interests in a business which competes or was likely to compete, either directly or indirectly, with the business of the Group and which was required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

ADVANCES TO AN ENTITY

Details of the relevant advance to an entity from the Group which exceeds 10.4% of the Group's total assets, as defined under rules 14.07(1) of the Listing Rules, are set out in note 14 to the condensed consolidated interim financial information.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company adopted its own code on corporate governance which combined its existing principles and practices with most of the mandatory provisions of the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules – all with the objective of taking forward a corporate governance structure which builds on Company's own standards and experience, whilst respecting the benchmarks set in the Code.

Unless otherwise disclosed herein, the Company has, throughout the six months ended 30 June 2010, complied with the Code.

Distinctive Roles of Chairman and Chief Executive Officer

Code provisions

Under the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Deviation and its reasons

Mr. LIU Changle has been both the chairman and chief executive officer of the Company since its incorporation. He is responsible for managing the board of Directors (the "Board") and the businesses of the Group. The Board considers that Mr. LIU's invaluable experience in the broadcasting industry is a great benefit to the Group. Through the supervision of the Board and the audit committee of the Company ("Audit Committee"), balance of power and authority can be ensured and there is no imminent need to change the arrangement.

Appointments, Re-election and Removal

Code provisions

Under the Code, (i) non-executive Directors should be appointed for a specific term, subject to re-election; and (ii) all Directors appointed to fill a casual vacancy should be subject to election by shareholders of the Company at the first general meeting after their appointment. Every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Deviation and its reasons

Apart from the two executive Directors, Mr. LIU Changle and Mr. CHUI Keung, no other Directors are currently appointed with specific terms. According to the articles of association of the Company, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not greater than one-third) shall retire from office by rotation, but the chairman of the Board and/or the managing Director shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. As such, with the exception of the chairman, all Directors are subject to retirement by rotation. The Board considers that there is no imminent need to amend the articles of association of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors, the Directors have complied with the required standard of dealings regarding Directors' securities transactions throughout the six months ended 30 June 2010.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference based upon the guidelines recommended by the Hong Kong Institute of Certified Public Accountants and the mandatory provisions of the Code. The primary duties of the Audit Committee are to review the Company's annual report and financial statements, half-year reports and quarterly reports (if any) and to provide advice and comments thereon to the Board. The Audit Committee will meet at least three times a year with management to review the accounting principles and practices adopted by the Group and to discuss auditing, internal control and financial reporting matters. The Audit Committee currently comprises one non-executive Director, namely Mr. CHEUNG Chun On, Daniel and three independent non-executive Directors, namely Dr. LO Ka Shui, Mr. LEUNG Hok Lim, and Mr. Thaddeus Thomas BECZAK (chairman of the Audit Committee).

The Audit Committee has already reviewed the Group's unaudited results for the six months ended 30 June 2010.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENTS AND INTERIM REPORT

This interim results announcement is published on the Stock Exchange's website at www.hkexnews.hk, the Company's website at www.ifeng.com and the professional investor relation website at www.irasia.com/listco/hk/phoenixtv. The 2010 Interim Report of the Company will be dispatched to shareholders of the Company and published on the abovementioned websites on or before 30 September 2010.

On behalf of the Board
LIU Changle
Chairman

Hong Kong, 19 August 2010

The directors (the "Directors") of Phoenix Satellite Television Holdings Limited (the "Company") have the pleasure of presenting the unaudited condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of cashflows and condensed consolidated statement of changes in equity of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2010 (the "period"), and the unaudited condensed consolidated balance sheet of the Group as at 30 June 2010, together with the comparative figures for the corresponding period and relevant date in 2009.

CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED

FOR THE SIX MONTHS ENDED 30 JUNE 2010

		For the six months ended 30 June	
		2010	2009
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**1,112,788**	692,346
Operating expenses	*4*	**(708,275)**	(490,077)
Selling, general and administrative expenses	*4*	**(139,003)**	(87,162)
Other (expenses)/income			
Interest (expenses)/income		**(16,226)**	3,239
Other (expenses)/gains – net	*4*	**(15,653)**	32,615
Share of loss of an associate		**(2,054)**	(2,430)
Share of profit of jointly controlled entities		**1,354**	12
Profit before income tax		**232,931**	148,543
Income tax expense	*5*	**(41,146)**	(35,059)
Profit for the period		**191,785**	113,484
Profit attributable to:			
Equity holders of the Company		**190,712**	110,299
Minority interests		**1,073**	3,185
		191,785	113,484
Earnings per share for profit attributable to the equity holders of the Company			
Basic earnings per share, Hong Kong cents	*7*	**3.83**	2.23
Diluted earnings per share, Hong Kong cents	*7*	**3.82**	2.23

The notes on pages 31 to 50 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	For the six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Profit for the period	**191,785**	113,484
Other comprehensive income for the period, net of tax		
Exchange differences arising on translation of the financial statements of foreign subsidiaries	**2,497**	2,861
Total comprehensive income for the period	**194,282**	116,345
Total comprehensive income for the period attributable to:		
Equity holders of the Company	**193,209**	113,160
Minority interests	**1,073**	3,185
	194,282	116,345

The notes on pages 31 to 50 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED

AS AT 30 JUNE 2010

	Note	As at 30 June 2010 HK$'000	As at 31 December 2009 HK$'000 (Audited)
ASSETS			
Non-current assets			
Purchased programme and film rights, net	*8*	**26,485**	23,099
Lease premium for land	*9*	**239,621**	220,236
Property, plant and equipment, net	*10*	**824,239**	760,243
Investment property under construction	*11*	**285,143**	217,657
Intangible assets	*12*	**19,163**	21,169
Investments in jointly controlled entities		**8,275**	6,922
Investment in an associate		**2,684**	4,738
Available-for-sale financial assets		**962**	962
Other long-term assets		**22,840**	23,810
Deferred income tax assets		**12,696**	13,432
Total non-current assets		**1,442,108**	1,292,268
Current assets			
Accounts receivable, net	*13*	**189,118**	95,587
Prepayments, deposits and other receivables	*14*	**575,662**	452,360
Inventories		**3,867**	3,994
Amounts due from related companies	*22*	**10,836**	18,405
Self-produced programmes		**3,381**	2,254
Purchased programme and film rights, net	*8*	**4,143**	4,134
Financial assets at fair value through profit or loss	*15*	**48,221**	53,824
Prepaid profits tax		**–**	5,648
Bank deposits		**107,277**	117,616
Restricted cash		**27,275**	21,607
Cash and cash equivalents		**978,706**	649,245
Total current assets		**1,948,486**	1,424,674
Total assets		**3,390,594**	2,716,942

The notes on pages 31 to 50 form an integral part of this condensed consolidated interim financial information.

	Note	As at 30 June 2010 HK$'000	As at 31 December 2009 HK$'000 (Audited)
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	*20*	**498,526**	497,014
Reserves			
– Proposed final dividend		**–**	99,403
– Others		**1,443,819**	1,234,875
		1,942,345	1,831,292
Minority interests		**228,684**	227,611
Total equity		**2,171,029**	2,058,903
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**43,758**	46,874
Borrowings	*18*	**400,595**	242,826
Total non-current liabilities		**444,353**	289,700
Current liabilities			
Accounts payable, other payables and accruals	*17*	**282,594**	243,512
Deferred income	*19*	**446,205**	113,426
Amounts due to related companies	*22*	**11,372**	11,401
Profits tax payable		**35,041**	–
Total current liabilities		**775,212**	368,339
Total liabilities		**1,219,565**	658,039
Total equity and liabilities		**3,390,594**	2,716,942
Net current assets		**1,173,274**	1,056,335
Total assets less current liabilities		**2,615,382**	2,348,603

The notes on pages 31 to 50 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Attributable to the Company's equity holders							
	Share capital *HK$'000*	Share premium *HK$'000*	Statutory reserve *HK$'000* *(Note)*	Exchange reserve *HK$'000*	Employee share-based payment reserve *HK$'000*	Retained earnings *HK$'000*	Minority interests *HK$'000*	Total equity *HK$'000*
Balance at 1 January 2009	**495,441**	**579,844**	**5,361**	**22,716**	**10,151**	**492,102**	**223,826**	**1,829,441**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**110,299**	**3,185**	**113,484**
Other comprehensive income								
Exchange differences arising on translation of the financial statements of foreign subsidiaries	–	–	–	2,861	–	–	–	2,861
Total comprehensive income for the period	**–**	**–**	**–**	**2,861**	**–**	**110,299**	**3,185**	**116,345**
Transactions with owners								
Share option scheme – value of employee services	–	–	–	–	387	–	–	387
Dividends related to 2008	–	(94,134)	–	–	–	–	–	(94,134)
Exercise of share options of a subsidiary	–	–	–	–	(131)	–	448	317
Investment in subsidiaries by minority shareholders	–	–	–	–	–	–	6,292	6,292
Total transaction with owners	**–**	**(94,134)**	**–**	**–**	**256**	**–**	**6,740**	**(87,138)**
Balance at 30 June 2009	**495,441**	**485,710**	**5,361**	**25,577**	**10,407**	**602,401**	**233,751**	**1,858,648**

The notes on pages 31 to 50 form an integral part of this condensed consolidated interim financial information.

	Attributable to the Company's equity holders							
	Share capital	Share premium	Statutory reserve	Exchange reserve	Employee share-based payment reserve	Retained earnings	Minority interests	Total equity
	HK$'000	*HK$'000*	*HK$'000* *(Note)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2010	**497,014**	**502,175**	**7,476**	**23,504**	**11,390**	**789,733**	**227,611**	**2,058,903**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**190,712**	**1,073**	**191,785**
Other comprehensive income								
Exchange differences arising on translation of the financial statements of foreign subsidiaries	–	–	–	2,497	–	–	–	2,497
Total comprehensive income for the period	**–**	**–**	**–**	**2,497**	**–**	**190,712**	**1,073**	**194,282**
Transactions with owners								
Share option scheme								
– value of employee services	–	–	–	–	3,719	–	–	3,719
– recognition of shares issued on exercise of options	1,512	14,870	–	–	(26)	–	–	16,356
Dividends related to 2009	–	(99,705)	–	–	–	–	–	(99,705)
Allocation to statutory reserve	–	–	(2,526)	–	–	–	–	(2,526)
Total transaction with owners	**1,512**	**(84,835)**	**(2,526)**	**–**	**3,693**	**–**	**–**	**(82,156)**
Balance at 30 June 2010	**498,526**	**417,340**	**4,950**	**26,001**	**15,083**	**980,445**	**228,684**	**2,171,029**

Note: The statutory reserve of the Group refers to the PRC statutory reserve fund. Appropriations to such reserve fund are made out of profit after tax as recorded in the statutory financial statements of the PRC subsidiaries. The amount should not be less than 10% of the profit after tax as recorded in the statutory financial statements unless the aggregate amount exceeds 50% of the registered capital of the PRC subsidiaries. The statutory reserve fund can be used to make up prior years' losses of the PRC subsidiaries.

The notes on pages 31 to 50 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS – UNAUDITED

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	For the six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Cash flow generated from operating activities – net	**505,371**	151,476
Cash flow used in investing activities – net	**(214,276)**	(182,825)
Cash flow generated from/(used in) financing activities – net	**36,603**	(93,817)
Net increase/(decrease) in cash and cash equivalents	**327,698**	(125,166)
Cash and cash equivalents at the beginning of period	**649,245**	423,283
Exchange gains on cash and cash equivalents	**1,763**	1,576
Cash and cash equivalents at end of period	**978,706**	299,693

The notes on pages 31 to 50 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION – UNAUDITED

1 GENERAL INFORMATION

Phoenix Satellite Television Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") engage in satellite television broadcasting activities.

The Company is a limited liability company incorporated in the Cayman Islands and domiciled in Hong Kong. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The condensed consolidated interim financial information is presented in Hong Kong dollars ("HK$"), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors of the Company on 19 August 2010.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2010 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange.

This condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

(b) Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those annual financial statements.

(i) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

HKAS 1 (Amendment), "Current/non-current classification of convertible instruments". Regarding the liability component of convertible instruments, it clarifies that the holder's option which will result in the settlement by the issuance of equity instruments, is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

HKAS 17 (Amendment), 'Leases', deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Leasehold land and land use rights", and amortised over the lease term.

HKAS 17 (Amendment) has been applied retrospectively for annual periods beginning 1 January 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1 January 2010 on the basis of information existing at the inception of those leases. As a result of the reassessment, the Group concluded that the leasehold land and land use rights should be continued to be classified as operating leases.

HKAS 27 (Revised), "Consolidated and separate financial statements". The amendment requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control ("economic entity model"). These transactions will no longer result in goodwill or gains and losses. When control over a previous subsidiary is lost, any remaining interest in the entity is re-measured to fair value and the resulting gain or loss is recognised in the consolidated income statement.

HKAS 36, "Unit of accounting for goodwill impairment test". Amendment to clarify that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined by paragraph 5 of HKFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics permitted by paragraph 12 of HKFRS 8).

When the amendment becomes effective, entities use aggregated operating segments to determine their cash-generating units should disaggregate the operating segments for impairment testing purpose. As this amendment is effective prospectively, any resulting impairment should be recognised in profit and loss in the year the amendment is adopted.

HKFRS 8, "Operating Segment", Disclosure of information about segment assets. Minor textual amendment to the standard, and amendment to the basis for conclusions, to clarify that an entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision-maker.

The adoption of the above new and amended standards did not have significant effects on the condensed consolidated interim financial information or result in any substantial changes in the Group's significant accounting policies.

(ii) Standards, amendments and interpretations to existing standards effective in 2010 but not relevant to the Group

- HKFRS 1 (Amendment) – Additional exemptions for first-time adopters
- HKFRS 2 (Amendment) – Group cash-settled share-based payment transaction
- HKAS 39 (Amendment) – Eligible hedge items
- HK(IFRIC) – Int 17 – Distribution of Non-cash Assets to Owners
- First improvements to HKFRS (2008) issued in May 2008
- Second improvements to HKFRS (2009) issued in May 2009

(iii) The following new standards, new interpretations and amendments to standards and interpretations ("New HKFRSs") have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted:

- HKAS 24 (Revised) – Related Party Disclosures
- HKAS 32 (Amendment) – Financial Instruments: Disclosure and presentation – Classification of Rights Issue
- HKFRS 9 – Financial Instruments
- HKFRS 1 (Amendment) – Limited exemption from comparative HKFRS 7 discloses for first-time adopters
- HK(IFRIC)-Int14 – Prepayments of a minimum funding requirements
- HK(IFRIC)-Int19 – Extinguishing financial liabilities with equity instruments
- Third improvements to HKFRS (2010) issued in May 2010

The Group has not early adopted the new HKFRSs in this condensed consolidated interim financial information and will apply them in accordance with their respective effective dates. The Group is assessing the impact of the new HKFRSs but is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial statements will result.

3 SEGMENTAL INFORMATION

At 30 June 2010, the Group had six reportable segments including:

(i) Television broadcasting – broadcasting of television programmes and commercials and provision of promotion activities;

(a) Primary channels, including Phoenix Chinese Channel and Phoenix InfoNews Channel

(b) Others, including Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel and others

(ii) Programme production and ancillary services;

(iii) New media – provision of website portal and value-added telecommunication services;

(iv) Outdoor media – provision of outdoor advertising services;

(v) Real estate – construction of Phoenix International Media Centre in Beijing; and

(vi) Other activities – merchandising services, magazine publication and distribution, and other related services.

An analysis of the Group's revenue and operating results for the period by reportable segments is as follows:

	For the six months ended 30 June 2010								
	Television broadcasting		Programme production and ancillary services	New media	Outdoor media	Real estate	Other activities	Inter-segment elimination	Group
	Primary channels	Others							
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue									
External sales	680,871	66,408	1,650	245,047	90,936	–	27,876	–	1,112,788
Inter-segment sales	–	2,532	18,368	3,656	–	–	–	(24,556)	–
Total revenue	680,871	68,940	20,018	248,703	90,936	–	27,876	(24,556)	1,112,788
Segment results	322,615	14,067	(27)	2,400	6,895	(2,577)	2,645	–	346,018
Unallocated income *(Note a)*									506
Unallocated expenses *(Note b)*									(112,893)
Profit before share of results of jointly controlled entities, an associate, income tax and minority interests									233,631
Share of loss of an associate									(2,054)
Share of profit of jointly controlled entities									1,354
Income tax expense									(41,146)
Profit for the period									191,785
Minority interests									(1,073)
Profit attributable to equity holders of the Company									190,712

	For the six months ended 30 June 2009								
	Television broadcasting		Programme production and ancillary services	New media	Outdoor media	Real estate	Other activities	Inter–segment elimination	Group
	Primary channels	Others							
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue									
External sales	567,314	51,571	–	29,418	19,241	–	24,802	–	692,346
Inter-segment sales	–	2,769	13,288	–	–	–	–	(16,057)	–
Total revenue	567,314	54,340	13,288	29,418	19,241	–	24,802	(16,057)	692,346
Segment results	225,925	(8,255)	(1,021)	4,976	(22,723)	29,935	3,062	–	231,899
Unallocated income *(Note a)*									2,575
Unallocated expenses *(Note b)*									(83,513)
Profit before share of results of jointly controlled entities, an associate, income tax and minority interests									150,961
Share of loss of an associate									(2,430)
Share of profit of jointly controlled entities									12
Income tax expense									(35,059)
Profit for the period									113,484
Minority interests									(3,185)
Profit attributable to equity holders of the Company									110,299

Notes:

(a) Unallocated income represents exchange gain, interest income, fair value gain/loss on financial assets and liabilities (realised and unrealised) and investment income.

(b) Unallocated expenses represent primarily:

– corporate staff costs;

– office rental;

– general administrative expenses; and

– marketing and advertising expenses that relate to the Group as a whole.

4 PROFIT BEFORE INCOME TAX

The following items have been credited/charged to the profit before income tax during the period:

	For the six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Crediting		
Investment income	**426**	1,722
Fair value gain on investment property under construction	**214**	32,997
Reversal of previously written-off accounts receivable	**–**	211
Reversal of provision for impairment of accounts receivable	**–**	3,394
Reversal of provision for impairment of prepayments, deposits and other receivables	**–**	780
Charging		
Production costs of self-produced programmes	**59,963**	59,669
Transponder rental	**12,692**	13,917
Provision for impairment of accounts receivable	**309**	77
Employee benefit expenses (including Directors' emoluments)	**253,304**	187,981
Operating lease rental in respect of		
– Directors' quarters	**719**	705
– Land and buildings of third parties	**12,021**	11,047
Fair value loss on financial assets at fair value through profit or loss (realised and unrealised), net	**5,603**	3,536
Fair value loss on preference share liability – derivative component	**17,005**	–
Interest accretion for Preferred shares liability - host debt	**19,671**	–
Amortisation of purchased programme and film rights	**11,225**	16,116
Amortisation of intangible assets	**1,072**	–
Amortisation of lease premium for land	**1,372**	871
Depreciation of property, plant and equipment	**52,560**	28,819
Loss on disposal of property, plant and equipment	**167**	–

5 INCOME TAX EXPENSE

Hong Kong and overseas profits tax has been provided at the rate of 16.5% (six months ended 30 June 2009: 16.5%) and at the rates of taxation prevailing in the countries in which the Group operates respectively.

The amount of income tax charged to the condensed consolidated income statement represents:

	For the six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**40,803**	20,453
– Overseas taxation	**2,811**	210
Deferred income tax	**(2,468)**	14,396
	41,146	35,059

6 DIVIDENDS

A dividend that relates to the period to 31 December 2009 and that amounts to HK$99,705,000 was paid in June 2010 (six months ended 30 June 2009: HK$94,134,000).

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2010 (six months ended 30 June 2009: Nil).

7 EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	For the six months ended 30 June	
	2010	2009
Profit attributable to equity holders of the Company (HK$'000)	**190,712**	110,299
Weighted average number of ordinary shares in issue ('000)	**4,984,240**	4,954,412
Basic earnings per share (Hong Kong cents)	**3.83**	2.23

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of potential dilutive ordinary shares which is share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. Where the number of shares so calculated is smaller than the number of shares that would have been issued assuming the exercise of all the outstanding share options, the difference represents potential dilutive shares and is added to the weighted average number of ordinary shares in issue to arrive at the weighted average number of ordinary shares for calculation of diluted earnings per share.

The conversion option of the preference shares issued by a subsidiary did not have a dilutive effect on the earnings per share.

	For the six months ended 30 June	
	2010	2009
Profit attributable to equity holders of the Company used to determine diluted earnings per share (HK$'000)	**190,712**	110,299
Weighted average number of ordinary shares in issue ('000)	**4,984,240**	4,954,412
Adjustment for share options ('000)	**6,981**	84
Weighted average number of ordinary shares for diluted earnings per share ('000)	**4,991,221**	4,954,496
Diluted earnings per share (Hong Kong cents)	**3.82**	2.23

8 PURCHASED PROGRAMME AND FILM RIGHTS, NET

	For the six months ended 30 June 2010 *HK$'000*	For the year ended 31 December 2009 *HK$'000* (Audited)
Balance, beginning of period/year	**27,233**	30,853
Additions	**15,339**	26,483
Amortisation	**(11,225)**	(29,546)
Others	**(719)**	(557)
Balance, end of period/year	**30,628**	27,233
Less: Purchased programme and film rights – current portion	**(4,143)**	(4,134)
	26,485	23,099

9 LEASE PREMIUM FOR LAND

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

	For the six months ended 30 June 2010 *HK$'000*	For the year ended 31 December 2009 *HK$'000* (Audited)
In Hong Kong, held on:		
Leases between 10 to 50 years	**37,058**	37,558
Outside Hong Kong, held on:		
Leases between 10 to 50 years	**202,563**	182,678
	239,621	220,236

	For the six months ended 30 June 2010 *HK$'000*	For the year ended 31 December 2009 *HK$'000* (Audited)
Balance, beginning of period/year	**220,236**	367,530
Exchange differences	**568**	759
Additions	**21,346**	–
Transferred to investment property under construction *(Note a)*	**–**	(143,087)
Amortisation *(Note b)*	**(2,529)**	(4,966)
Balance, end of period/year *(Note c)*	**239,621**	220,236

(a) On 9 April 2008, Phoenix Pictures Limited ("Phoenix Pictures"), an indirectly wholly-owned subsidiary of the Company, acquired Phoenix Oriental (Beijing) Properties Company Limited 鳳凰東方(北京)置業有限公司("Phoenix Oriental"), which holds the land use rights for a piece of land in Chaoyang Park. The land use rights held by Phoenix Oriental have been consolidated into the financial statements of the Group since then. The land use term of the land is 50 years from 10 October 2001.

The land at the south western corner of Chaoyang Park in Beijing was valued by independent appraisers as at 8 April 2008, the acquisition date of Phoenix Oriental. The fair value of the land as at acquisition date was RMB209,273,000 (equivalent to approximately HK$237,625,000). Subsequent to the acquisition of Phoenix Oriental, an amount of RMB3,398,100 (equivalent to approximately HK$3,885,000) was paid for the title registration for the land use right which has been capitalised as part of the cost of the land use right.

The land and project transfer contract for the land was entered into by Phoenix Oriental in or around May 2006, before it became an indirectly owned subsidiary of the Company. So far as the Directors are aware, the terms of the land and project transfer contract were agreed at after arm's length negotiations between Phoenix Oriental and 北京朝陽公園開發經營公司(Beijing Chaoyang Park Development and Management Co.) based on applicable rates promulgated by the PRC government. All land premium and taxes in relation to the land payable up to 31 March 2010 in the aggregate amount of RMB179,500,000 (HK$204,630,000) have been fully paid. In April 2010, Phoenix Oriental and 北京市國土資源局 (State-owned Assets Beijing Bureau) entered into a supplemental agreement to the land and project transfer contract to increase the total gross floor area to approximately 65,000 square metres and change the land use to mixed use and underground parking, for additional land premium in the amount of approximately RMB45,660,000 (HK$52,052,000). The additional land premium together with deed tax in the aggregate total amount of approximately RMB47,000,000 (HK$53,580,000) have been fully paid in May 2010. The additional land premium has been reflected in the lease premium for land and investment property under construction in accordance with the expected usage areas for the Group's operations and for rental income and capital appreciation.

The land, comprised of approximately 18,822 square metres and a permitted total gross floor area of approximately 65,000 square metres in which above ground of approximately 35,000 square metres, is for cultural, entertainment and office uses. Management intends the land to be used for the development of the Phoenix International Media Centre will contain theatres and television programme studios to be used by the Group.

Upon completion of the construction, approximately 25,400 square metres will be occupied by the Group for its operations in Beijing, with the rest being held for rental income or capital appreciation.

(b) For the six months ended 30 June 2010, amortisation of lease premium for land capitalised in construction in progress under property, plant and equipment amounted to HK$1,157,000 (six months ended 30 June 2009: HK$1,360,000).

(c) Included in the net book value as of 30 June 2010 is an amount of HK$16,567,000 which was paid by the Group pursuant to notification from the Shenzhen Municipal Bureau of Land Resources and Housing Management ("Shenzhen Land Bureau") to the Shenzhen Land Bureau to obtain a title certificate in the name of Phoenix Satellite Television Company Limited (the "Phoenix Subsidiary"), a wholly-owned subsidiary of the Group, for the Group's upper ground space entitlement of approximately 8,500 square meters in the China Phoenix Building in Shenzhen ("Shenzhen Building"). As of 30 June 2010, the Group was still awaiting the issuance of the title certificate to the Phoenix Subsidiary by the Shenzhen Municipal Government. The Directors are of the opinion that the title certificate of the Shenzhen Building will be issued in the near future. As at 30 June 2010, the Group's entitlement to use of its entitled areas in the building continues to be accounted for as a finance lease as the Group had not yet obtained title to these entitled areas.

10 PROPERTY, PLANT AND EQUIPMENT, NET

	For the six months ended 30 June 2010	For the year ended 31 December 2009
	HK$'000	*HK$'000* (Audited)
Balance, beginning of period/year	**760,243**	506,018
Additions	**114,763**	333,394
Transferred to investment property under construction	**–**	(13,505)
Transferred from intangible assets	**934**	–
Exchange differences	**1,026**	138
Acquired through a business combination	**–**	9,574
Disposals	**(167)**	(215)
Depreciation	**(52,560)**	(75,161)
Balance, end of period/year *(Note a)*	**824,239**	760,243

(a) The balance includes an amount of HK$30,848,000 which relates to the Group's entitlement to use 10,000 square meters in the Shenzhen Building. The Group's entitlement to use was accounted for as a finance lease as at 30 June 2010. As at 30 June 2010, the cost of this capitalised finance lease was HK$30,848,000 (as at 31 December 2009: HK$30,848,000) with a net book value of HK$28,632,000 (as at 31 December 2009: HK$28,982,000). As at 30 June 2010, the Group was still in the process of obtaining the title certificate to the 8,500 square metres of the entitled areas through the payment of land premium and taxes (See Note 9(c)).

11 INVESTMENT PROPERTY UNDER CONSTRUCTION

	For the six months ended 30 June 2010	For the year ended 31 December 2009
	HK$'000	*HK$'000* (Audited)
Balance, beginning of period/year	**217,657**	–
Additions	**66,273**	24,337
Transferred from lease premium for land	**–**	143,087
Transferred from property, plant and equipment	**–**	13,505
Fair value gain	**214**	37,176
Exchange differences	**999**	(448)
Balance, end of period/year	**285,143**	217,657

The Group participated in the development of the Phoenix International Media Centre on land situated at the south-western corner of Chaoyang Park, Chaoyang District, Beijing. (See Note 9 (a))

The land, comprised of approximately 18,822 square metres and a permitted total gross floor area of approximately 65,000 square metres in which above ground of approximately 35,000 square metres, is for cultural, entertainment and office uses. Upon completion of the construction, approximately 25,400 square metres will be occupied by the Group for its operations in Beijing, with the rest being held for rental income or capital appreciation.

The Group applied the fair value model for the accounting of its investment property under construction and fair valued the portion of the construction in progress of the Phoenix International Media Centre which is expected to be held for rental income or capital appreciation. The investment property under construction was valued by independent appraisers. The fair value of the investment property under construction as at 30 June 2010 was RMB249,600,000 (equivalent to approximately HK$285,143,000). A fair value gain of approximately HK$214,000 (six months ended 30 June 2009: HK$32,997,000) was recognised in the condensed consolidated income statement for the six months ended 30 June 2010.

12 INTANGIBLE ASSETS

	For the six months ended 30 June 2010 *HK$'000*	For the year ended 31 December 2009 *HK$'000* (Audited)
Balance, beginning of period/year	**21,169**	4,225
Additions	**–**	2,954
Acquired through a business combination *(Note a)*	**–**	13,990
Transferred to property, plant and equipment	**(934)**	–
Amortisation	**(1,072)**	–
Balance, end of period/year	**19,163**	21,169

(a) Goodwill arising from the acquisition of a subsidiary amounted to HK$8,733,000. There was no impairment charge recognised during the six months ended 30 June 2010 (six months ended 30 June 2009: Nil).

13 ACCOUNTS RECEIVABLE, NET

	As at 30 June 2010 *HK$'000*	As at 31 December 2009 *HK$'000* (Audited)
Accounts receivable	**191,999**	98,746
Less: Provision for impairment of receivables	**(2,881)**	(3,159)
	189,118	95,587

The carrying amounts of accounts receivable, net, approximate their fair values.

The Group has appointed an advertising agent in the PRC to promote the sales of the Group's advertising airtime and programme sponsorship and collect advertising revenues within the PRC on behalf of the Group (Note 14). The Group generally requires customers to pay in advance.

	As at 30 June 2010 *HK$'000*	As at 31 December 2009 *HK$'000* (Audited)
0-30 days	**102,142**	47,024
31-60 days	**32,623**	15,983
61-90 days	**22,279**	17,903
91-120 days	**15,991**	5,536
Over 120 days	**18,964**	12,300
	191,999	98,746
Less: Provision for impairment of receivables	**(2,881)**	(3,159)
	189,118	95,587

There is no concentration of credit risk with respect to accounts receivable because the Group has a large number of customers.

The Group has recognised a loss of HK$309,000 (six months ended 30 June 2009: HK$77,000) for the impairment of its accounts receivable during the six months ended 30 June 2010. The loss has been included in selling, general and administrative expenses in the condensed consolidated income statement. The Group has written off HK$550,000 (six months ended 30 June 2009: HK$35,000) of accounts receivable against the provision for impairment of receivables and there has been no reversal of the provision for impairment of receivables made in prior years during the six months ended 30 June 2010 respectively (six months ended 30 June 2009: HK$3,605,000).

14 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Included in prepayments, deposits and other receivables is an amount of approximately HK$353,996,000 (as at 31 December 2009: HK$313,263,000) owing from an advertising agent, Shenzhou Television Company Limited ("Shenzhou"), in the PRC. The amount represents advertising revenue collected, net of expenses incurred by Shenzhou on behalf of the Group.

The Group has set up a commercial and trust arrangement with Shenzhou, details of which have been disclosed in the announcement made by the Company on 25 September 2002.

The Trust Law in the PRC enacted in recent years has not laid out specific detailed implementation rules applicable to trust arrangements such as that of the Group with Shenzhou, therefore the extent of the enforceability of the arrangement is still unclear. Although the management recognises that the present arrangement is the only legally viable arrangement, the management will continue to monitor and explore alternatives to improve the situation.

The management of the Group is of the opinion that the amount owing from Shenzhou of approximately HK$353,996,000 as at 30 June 2010 (as at 31 December 2009: HK$313,263,000) is fully recoverable and no provision is required. The balance bears interest at prevailing bank interest rates, is repayable on demand and is not pledged.

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2010	As at 31 December 2009
	HK$'000	*HK$'000*
		(Audited)
Unlisted investments at fair value	**48,221**	53,824

The above investments were designated as fair value through profit or loss on initial recognition. Investments with a maturity longer than one year at the inception date are classified as non-current. Changes in fair values (realised and unrealised) of financial assets at fair value through profit or loss are recognised in other income in the consolidated income statement.

As at 30 June 2010, the financial assets at fair value through profit and loss represent investments in shares of HSBC Holdings PLC ("HSBC") of HK$26,043,000 and a commodity index participation note of HK$22,178,000.

The shares of HSBC were acquired through the maturity of an equity-linked note on 5 December 2008. On the settlement date of the equity-linked note, the Group received 305,271 shares of HSBC instead of the principal of the investment from the issuer and any gain or loss on the fair value of the shares of HSBC recognised in the consolidated income statement since then. These shares are held for trading. As at 30 June 2010, the closing price of the shares of HSBC was HK$72.65. If the price of the shares of HSBC increased/decreased by 50% with all other variables held constant, post-tax profit for the year would have been HK$11,089,000 higher/lower. The investment is managed and its performance evaluated on a fair value basis and information about the Company's investment in the shares is reported to management on that basis.

The commodity index participation note will mature in October 2010. This commodity index participation note is 100% principal protected at maturity, noteholders will get back at least their capital invested if they hold the notes to maturity. The host contract of this investment is a debt instrument and the embedded derivative is an option tied to changes in a commodity index. As the contract contains an embedded derivative, management has designated the investment as a financial asset at fair value through profit and loss.

This commodity index participation note is not publicly traded and in the absence of readily available information to determine the fair values of these investments, the Company has adopted the indicative market value provided by the issuer as its best estimate of the fair value of this investment.

16 BANKING FACILITIES

As at 30 June 2010, the Group had banking facilities amounting to approximately HK$17,904,000 (as at 31 December 2009: HK$18,269,000) of which approximately HK$14,090,000 (as at 31 December 2009: HK$13,667,000) was unutilised. The facilities are covered by counter indemnities from the Group. As at 30 June 2010, deposits of approximately HK$8,856,000 (31 December 2009: HK$3,269,000) were pledged with banks to secure banking guarantees given to the landlord of a subsidiary and the main contractor of Phoenix International Media Centre.

17 ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUALS

	As at 30 June 2010 *HK$'000*	As at 31 December 2009 *HK$'000* (Audited)
Accounts payable	**113,828**	86,692
Other payables and accruals	**168,766**	156,820
	282,594	243,512
Less: non-financial liabilities	**(12,436)**	(3,338)
	270,158	240,174

An ageing analysis of accounts payable is set out below:

	As at 30 June 2010 *HK$'000*	As at 31 December 2009 *HK$'000* (Audited)
0-30 days	**24,832**	40,186
31-61 days	**15,782**	9,812
61-90 days	**17,503**	861
91-120 days	**7,005**	2,262
Over 120 days	**48,706**	33,571
	113,828	86,692

The carrying amounts of accounts payable, other payables and accruals approximate their fair values.

18 BORROWINGS

	As at 30 June 2010 *HK$'000*	As at 31 December 2009 *HK$'000*
Secured bank borrowings *(Note a)*	**165,648**	45,488
Preference share liability *(Note b)*	**234,947**	197,338
	400,595	242,826

(a) Secured bank borrowings

Secured bank borrowings, which are denominated in Renminbi, mature on 26 July 2012 and bear interest at an average rate of 5.4% annually (as at 31 December 2009: 5.4%).

Bank borrowings are secured by the land in Chaoyang Park together with the development site, with carrying values of approximately HK$113,656,000 (as at 31 December 2009: HK$93,000,000), HK$50,344,000 (as at 31 December 2009: HK$26,000,000) and HK$285,143,000 (as at 31 December 2009: HK$218,000,000) recorded in lease premium for land, construction in progress and investment property under construction respectively as at 30 June 2010.

(b) Preference share liability

Phoneix New Media Limited ("PNM"), a 99.27% indirectly-owned subsidiary of the Company, entered into the Preferred Shares Agreement ("Agreement") in 2009 with three institutional investors, agreeing to issue 130,000,000 convertible Series A Preferred Shares ("Preferred Shares"), with par value of US$0.01 each, of PNM to the investors at a total consideration of US$25,000,000 (approximately HK$195,000,000). Upon approval of the board of directors of PNM to declare dividends, the Preferred Shares will be entitled to receive in preference to any payment on the ordinary shares, preferential non-cumulative dividends at the rate of 8% of the issue price, on an annual basis. They are convertible into ordinary shares at any time or mandatorily on an initial public offering of PNM on the basis of 1:1 subject to certain adjustments as defined in the Agreement. They are redeemable at the option of the holder at any time after 31 December 2013 or earlier, on the occurrence of certain events as specified in the Agreement. On redemption, the preferred shareholders are entitled to receive the greater of: (a) the original issue price plus a redemption premium plus all declared but unpaid dividends; or (b) the fair market value of the Preferred Shares as determined by an independent appraiser.

In accordance with HKAS 39 "Financial Instrument: Recognition and Measurement", the Preferred Shares represent a compound financial instrument with multiple components, which comprise:

- A host debt component;
- An equity component; and
- A compound embedded derivative component (representing the investor's option to require the Company to redeem the shares for cash at the predetermined amount and the investor's option to convert the preference shares into a variable number of PNM's ordinary shares and the mandatory conversion upon an initial public offering).

The fair value of the Preferred Shares at issuance (equal to their face value at issuance) is assigned to its respective debt, compound derivative and equity components based on the fair value of the debt and compound derivative components. The equity component is the remaining amount left after the fair value of the Preferred Shares has been allocated to the debt and compound derivative components and was nil. The host debt component is subsequently carried at amortised cost using the effective interest rate method. The derivative component is subsequently fair valued at each balance sheet date with changes in fair value being reflected in the consolidated income statement.

Upon conversion into ordinary shares of PNM, any gain/loss on the dilution of the Company's equity interests in PNM will be reflected in the consolidated income statement.

As at 30 June 2010, the carrying values of the debt and derivative components of the Preferred Shares are as follows:

	As at 30 June 2010 *HK$'000*	As at 31 December 2009 *HK$'000* (Audited)
Preferred Shares – initial measurement of host debt	**173,404**	169,623
Exchange differences	**825**	–
Add: interest accretion during the period/year	**19,671**	3,781
	193,900	173,404
Derivative component – initial measurement	**23,934**	23,934
Exchange differences	**108**	–
Add: change in fair value during the period/year	**17,005**	–
	41,047	23,934
Preference share liability	**234,947**	197,338

The carrying amounts and fair values of the non-current borrowings are as follows:

	Group			
	Carrying amount		**Fair value**	
	As at 30 June 2010 *HK$'000*	As at 31 December 2009 *HK$'000* (Audited)	**As at 30 June 2010** *HK$'000*	As at 31 December 2009 *HK$'000* (Audited)
Secured bank borrowings	**165,648**	45,488	**165,648**	45,488
Financial liability at amortised cost	**193,900**	173,404	**193,900**	173,404
Financial liability at fair value through profit and loss	**41,047**	23,934	**41,047**	23,934
	400,595	242,826	**400,595**	242,826

19 DEFERRED INCOME

Included in deferred income is an amount of approximately HK$34,609,000 (as at 31 December 2009: HK$36,582,000) of unutilised amount of airtime in relation to the strategic cooperation agreement (the "Strategic Cooperation Agreement") and a barter agreement (the "Barter Agreement") entered into between the Group and Mission Hills Group Limited ("Mission Hills") on 23 June 2006. According to the Strategic Cooperation Agreement, the Group would provide advertising airtime on its satellite television channels and assist Mission Hills in the planning and promotion of the corporate image and branding of Mission Hills by using the Group's resources and leading position in the media industry. The contract term of the Strategic Cooperation Agreement is five years from the date of the contract.

Under the Barter Agreement, Mission Hills transferred the title, rights and interests of a villa in Mission Hills in Residence (the "Villa") to the Group at a price of approximately HK$98,000,000 and in exchange, the Group would provide: (1) airtime for advertisements for five years from the date of the Barter Agreement of an equivalent value based on charging rates that are at a discount to the Group's normal rate card charges and (2) services related to the planning and promotion of the corporate image and branding of Mission Hills and its projects. The Group took possession of the Villa in July 2006 and received title in February 2007.

For the six months ended 30 June 2010, the Group recognised revenue of approximately HK$1,973,000 (six months ended 30 June 2009: HK$3,521,000) for airtime utilised.

20 SHARE CAPITAL

	Six months ended 30 June 2010		Year ended 31 December 2009	
	Number of shares	**Amount** *HK$'000*	Number of shares	Amount *HK$'000* (Audited)
Authorised:				
Ordinary share of HK$0.1 each	**10,000,000,000**	**1,000,000**	10,000,000,000	1,000,000
Issued and fully paid:				
Beginning of period/year	**4,970,142,000**	**497,014**	4,954,412,000	495,441
Exercise of share options	**15,122,000**	**1,512**	15,730,000	1,573
End of period/year	**4,985,264,000**	**498,526**	4,970,142,000	497,014

21 COMMITMENTS

As at 30 June 2010, the Group had capital commitments as follows:

	As at 30 June 2010 *HK$'000*	As at 31 December 2009 *HK$'000* (Audited)
Contracted but not provided for	**506,143**	23,825
Authorised but not contracted for	**71,037**	492,924
	577,180	516,749

22 RELATED PARTY TRANSACTIONS

(i) The Group had the following significant transactions with the related parties as defined in HKAS 24 – Related Party Disclosures:

		For the six months ended 30 June	
		2010	2009
	Notes	***HK$'000***	*HK$'000*
Service charges paid/payable to Satellite Television Asian Region Limited ("STARL")	*a, b*	**9,844**	21,860
Commission for international subscription sales and marketing services paid/payable to STARL	*a, c*	**2,301**	1,734
Service charges paid/payable to Asia Television Limited ("ATV")	*d, e*	**–**	7
Service charges received/receivable from ATV	*d, f*	**618**	617
Service charges paid/payable to Fox News Network L.L.C. ("Fox")	*g, h*	**266**	411
Service charges paid/payable to British Sky Broadcasting Limited ("BSkyB")	*i, j*	**496**	443
Service charges received/receivable from China Mobile Communications Corporation and its subsidiaries ("the CMCC Group")	*k, l*	**120,313**	–
Service charges paid/payable to the CMCC Group	*k, m*	**869**	–
Advertising sales to the CMCC Group	*k, n*	**26,419**	20,843
Programme licence fees to Twentieth Century Fox International Television, Inc. ("Fox International")	*g, o*	**–**	1,222
Film licence fees paid to Fortune Star Entertainment (HK) Limited ("Fortune Star")	*g, p*	**1,517**	–
Key management compensation	*iii*	**9,214**	8,888

Notes:

(a) STARL, STAR Filmed and other STAR TV group companies are wholly-owned subsidiaries of Star Group Limited, which owns 100% of Xing Kong Chuan Mei Group Co., Ltd., a substantial equity holder of the Company.

(b) Service charges paid/payable to STARL cover a wide range of technical services provided to the Group are charged based on the terms of the service agreement dated 2 July 2009. The summary of the terms of the service agreement is set out in the announcement of the Company dated 3 July 2009. Either fixed fees or variable fees are charged depending on the type of services utilised.

(c) The commission for international subscription sales and marketing services paid/payable to STARL is based on 15% (2009: 15%) of the subscription fees generated and received by it on behalf of the Group.

(d) Mr. LIU Changle and Mr. CHAN Wing Kee beneficially owned 93.3% and 6.7% respectively of Today's Asia Limited, which indirectly-owned approximately 26.85% of ATV as at 30 June 2010.

(e) Service charges paid/payable to ATV cover news footage and data transmission services provided to the Group which are charged based on terms mutually agreed upon between both parties.

(f) Service charges received/receivable from ATV cover the following services provided to ATV which are charged based on terms specified in a service agreement:

- the use of floor area for the location of receivers;
- the use of master control room equipment and transmission equipment (including maintenance for daily wear and tear);
- fibre optic transmission; and
- video tapes administration and playout services.

(g) Fox, Fox International and Fortune Star are associates of Xing Kong Chuan Mei Group Co., Ltd., a substantial equity holder of the Company.

(h) Service charges paid/payable to Fox cover the granting of non-exclusive and non-transferable licence to subscribe for Fox's news service provided to the Group which is charged based on the terms specified in a service agreement.

(i) BSkyB is 39.14% owned by News Corporation, which indirectly owns 100% of Xing Kong Chuan Mei Group Co., Ltd., a substantial equity holder of the Company.

(j) Service charges paid/payable to BSkyB for encoding and electronic programme guide services provided to the Group which are charged based on terms specified in the service agreements.

(k) The CMCC Group, through a wholly-owned subsidiary of China Mobile (Hong Kong) Group Limited, owns approximately 19.72% of the issued share capital of the Company.

(l) Service charges received/receivable from CMCC Group related to wireless income which are charged on terms specified in the agreements.

(m) Service charges paid/payable to CMCC Group related to video cost which are charged on terms specified in the agreements.

(n) Advertising sales to the CMCC Group are related to airtime advertising and programme sponsoring on channels and airtime advertising on giant sized light-emitting diode panels operated by the Group.

(o) Programme license fee to Fox International are charged on terms specified in a license agreement.

(p) The film licence fees are charged in accordance with a film rights acquisition agreement with Fortune Star.

(ii) Period/year end balances arising from related parties transactions as disclosed in Note 22(i) above were as follows:

	As at 30 June 2010	As at 31 December 2009
	HK$'000	*HK$'000* (Audited)
Amounts due from related companies	**10,836**	18,405
Amounts due to related companies	**(11,372)**	(11,401)

The outstanding balances with related companies are aged less than one year and are unsecured, non-interest bearing and repayable on demand.

(iii) Key management compensation

	For the six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Salaries	**6,129**	5,906
Quarters and housing allowance	**2,472**	2,392
Pension fund	**613**	590
	9,214	8,888

As at the date of this announcement, the board of directors of the Company comprises:

Executive Directors

Mr. LIU Changle (Chairman) (also an alternate director to Mr. CHUI Keung); Mr. CHUI Keung (also an alternate director to Mr. LIU Changle); Mr. WANG Ji Yan (also an alternate director to Mr. LIU Changle and Mr. CHUI Keung)

Non-executive Directors

Mr. GAO Nianshu; Mr. SHA Yuejia; Mr. Jan KOEPPEN; Mr. CHEUNG Chun On, Daniel; Mr. GONG Jianzhong

Independent Non-executive Directors

Dr. LO Ka Shui; Mr. LEUNG Hok Lim; Mr. Thaddeus Thomas BECZAK

Alternate Directors

Ms. Ella Betsy WONG (alternate to Mr. Jan KOEPPEN); Dr. GAO Jack Qunyao (alternate to Mr. CHEUNG Chun On, Daniel)